

UNITED WAY OF DENTON COUNTY, INC.

ANNUAL FINANCIAL REPORT

March 31, 2011

UNITED WAY OF DENTON COUNTY, INC.
ANNUAL FINANCIAL REPORT
March 31, 2011 and 2010

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FREEMON, SHAPARD & STORY

Certified Public Accountants

Independent Auditors' Report

To The Board of Directors
United Way of Denton County, Inc.
Denton, Texas

We have audited the accompanying statements of financial position of United Way of Denton County, Inc. as of March 31, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Denton County, Inc. as of March 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Freemon, Shapard & Story
Wichita Falls, Texas

September 30, 2011

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2011 and 2010

Assets	2011	2010
Current Assets		
Cash and cash equivalents	\$ 669,059	\$ 954,314
Pledges receivable, net - Note 2	1,054,535	1,319,942
Prepaid expenses	7,347	8,215
Grant receivable - Note 10		16,000
Total current assets	1,730,941	2,298,471
Property and equipment - Note 3		
Office equipment and furniture	153,373	150,290
Less accumulated depreciation	(129,049)	(106,265)
Total property and equipment	24,324	44,025
Total assets	\$ 1,755,265	\$ 2,342,496
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 8,996	\$ 11,659
Designated funds payable - Note 5	339,389	403,829
Total liabilities	348,385	415,488
 Net assets		
Unrestricted		
Unappropriated - available for general activities	(58,303)	178,714
Memorial fund	91,407	90,961
Building fund - appropriated	11,000	11,000
Office equipment - appropriated	47,108	67,763
Technology fund - appropriated	13,544	11,039
Gertrude Gibson - appropriated	86,154	86,154
Special event fund - appropriated	5,488	5,681
Three months operating - appropriated	155,947	155,754
Total unrestricted net assets	352,345	607,066
Temporarily restricted - Note 8		
Time restricted	1,054,535	1,319,942
Total net assets	1,406,880	1,927,008
Total liabilities and net assets	\$ 1,755,265	\$ 2,342,496

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended March 31, 2011 and 2010

	2011		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue			
Gross campaign results	\$ 264,976	\$ 1,192,798	\$ 1,457,774
Gross campaign results in prior year released from restriction	<u>1,468,060</u>	<u>(1,458,205)</u>	<u>9,855</u>
Total campaign results	<u>1,733,036</u>	<u>(265,407)</u>	<u>1,467,629</u>
Less provision for uncollectible	<u>(162,000)</u>		<u>(162,000)</u>
Net campaign revenue	<u>1,571,036</u>	<u>(265,407)</u>	<u>1,305,629</u>
Other revenue			
Special events	26,223		26,223
Other contributions	41,513		41,513
Service fees	49,504		49,504
Interest income	<u>6,316</u>		<u>6,316</u>
Total public support and revenue	<u>1,694,592</u>	<u>(265,407)</u>	<u>1,429,185</u>
Expenses			
Program services			
Funds awarded/distributed	1,419,636		1,419,636
Community capacity building	182,117		182,117
Community education	97,712		97,712
I&R research	<u>29,734</u>		<u>29,734</u>
Total program services	<u>1,729,199</u>		<u>1,729,199</u>
Supporting services			
Organizational administration	76,739		76,739
Campaign	<u>143,375</u>		<u>143,375</u>
Total supporting services	<u>220,114</u>		<u>220,114</u>
Total expenses	<u>1,949,313</u>		<u>1,949,313</u>
Change in net assets	(254,721)	(265,407)	(520,128)
Net assets, beginning of year	<u>607,066</u>	<u>1,319,942</u>	<u>1,927,008</u>
Net assets, end of year	<u>\$ 352,345</u>	<u>\$ 1,054,535</u>	<u>\$ 1,406,880</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended March 31, 2011 and 2010

	2010		
	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ 440,425	\$ 1,468,060	\$ 1,908,485
Gross campaign results in prior year released from restriction	<u>1,200,345</u>	<u>(1,136,254)</u>	<u>64,091</u>
Total campaign results	<u>1,640,770</u>	<u>331,806</u>	<u>1,972,576</u>
Less provision for uncollectible	<u>(90,000)</u>	<u>(105,677)</u>	<u>(195,677)</u>
Net campaign revenue	<u>1,550,770</u>	<u>226,129</u>	<u>1,776,899</u>
 Other revenue			
Special events	30,475		30,475
Other contributions	64,654		64,654
Service fees	3,846		3,846
Interest income	<u>11,840</u>		<u>11,840</u>
Total public support and revenue	<u>1,661,585</u>	<u>226,129</u>	<u>1,887,714</u>
 Expenses			
Program services			
Funds awarded/distributed	1,481,760		1,481,760
Community capacity building	204,828		204,828
Community education	103,624		103,624
I&R research	<u>30,937</u>		<u>30,937</u>
Total program services	<u>1,821,149</u>		<u>1,821,149</u>
Supporting services			
Organizational administration	69,140		69,140
Campaign	<u>163,311</u>		<u>163,311</u>
Total supporting services	<u>232,450</u>		<u>232,450</u>
 Total expenses	<u>2,053,599</u>		<u>2,053,599</u>
 Change in net assets	(392,014)	226,129	(165,885)
Net assets, beginning of year	<u>999,080</u>	<u>1,093,813</u>	<u>2,092,893</u>
Net assets, end of year	<u>\$ 607,066</u>	<u>\$ 1,319,942</u>	<u>\$ 1,927,008</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2011 and 2010

	2011	2010
Cash flow from operating activities		
Change in net assets	\$ (520,128)	\$ (165,885)
Adjustments to reconcile net income to net cash		
Depreciation expense	22,783	22,620
Non-cash donation		(900)
(Increase) decrease in promises to give	265,407	(226,129)
(Increase) decrease in prepaid expenses	869	816
(Increase) decrease in grant receivable	16,000	2,000
Increase (decrease) in accounts payable	(67,103)	51,929
Net cash used by operating activities	(282,172)	(315,549)
 Cash flow from investing activities		
Acquisition of property and equipment	(3,083)	(34,263)
Disposals of property and equipment		1,118
	(3,083)	(33,145)
 Net increase in cash and cash equivalents	(285,255)	(348,694)
 Cash and cash equivalents, beginning of year	954,314	1,303,008
 Cash and cash equivalents, end of year	\$ 669,059	\$ 954,314
 Supplemental data:		
Noncash operating activities:		
In-kind donations	\$ 28,530	\$ 34,279

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2011 and 2010

2011

	Program Services				Support Services			Total
	Allocation Services	Community Capacity Building	Community Education	I&R Research	Program Services	Organizational Administration	Campaign	
Allocations and awards	\$ 1,336,128	\$	\$	\$	\$ 1,336,128	\$	\$	\$
Total allocation and awards	1,336,128				1,336,128			1,336,128
Salaries and wages	31,572	49,567	73,310	22,140	176,589	44,517	67,981	112,498
Payroll taxes	2,585	3,434	5,542	1,645	13,206	3,357	4,979	8,336
Employee benefits	7,595	10,950	15,788	4,570	38,903	8,022	15,957	23,979
Total payroll expenses	41,752	63,951	94,640	28,355	228,698	55,896	88,917	144,813
Contract services	3,141	2,269			5,410	8,725	3,316	12,041
Supplies	3,474	10,618		160	14,252	797	5,073	5,870
Postage and shipping	874	2,941	2,083	445	6,343	224	897	1,121
Telephone and networks	775	2,475			3,250	86	1,120	1,206
Occupancy	8,178	24,989			33,167	2,272	9,996	12,268
Equipment rental and maintenance	2,313	6,631		341	9,285	643	2,924	3,567
Printing	5,418	14,181		412	20,011	1,483	8,611	10,094
Travel	1,316	2,841			4,157	187	760	947
Conferences and meetings	491	1,599	55	21	2,166	157	690	847
Insurance	703	1,720	218		2,641	741	740	1,481
Awards	395	978	60		1,433	83	277	360
Dues	978	3,796			4,774	133	931	1,064
Other	142	791	25		958	3,641	454	4,095
Special events	509	1,866	630		3,005		452	452
In-kind expenses	4,528	14,682	1		19,211	532	8,785	9,317
United Way of America dues	3,450	10,349			13,799		3,450	3,450
United Way of Texas dues	970	2,909			3,879		970	970
Total expenses before depreciation	79,407	169,586	97,712	29,734	376,439	75,600	138,363	213,963
Depreciation	4,101	12,531			16,632	1,139	5,012	6,151
Total expenses	\$ 1,419,636	\$ 182,117	\$ 97,712	\$ 29,734	\$ 1,729,199	\$ 76,739	\$ 143,375	\$ 220,114
								\$ 1,949,313

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2011 and 2010

2010

	Program Services						Support Services			Total
	Allocation Services	Community		I&R Research	Program Services		Organizational Administration	Campaign	Support Services	
		Capacity Building	Education		Total	Total				
Allocations and awards	\$ 1,391,334	\$	\$	\$	\$ 1,391,334	\$	\$	\$	\$	\$ 1,391,334
Total allocation and awards	1,391,334				1,391,334					1,391,334
Salaries and wages	34,160	67,244	77,507	22,067	200,978	41,042	87,414	128,456	329,434	
Payroll taxes	3,025	4,556	5,820	1,660	15,061	3,104	6,401	9,505	24,566	
Employee benefits	7,741	11,891	14,644	4,296	38,572	7,845	14,893	22,738	61,310	
Total payroll expenses	44,926	83,691	97,971	28,023	254,611	51,991	108,708	160,699	415,310	
Contract services	2,844	2,054			4,898	7,900	3,002	10,902	15,800	
Supplies	4,436	12,630	222	2	17,290	986	6,230	7,216	24,506	
Postage and shipping	513	1,705			2,218	143	492	635	2,853	
Telephone and networks	815	2,815		(113)	3,517	91	1,178	1,269	4,786	
Occupancy	7,879	24,075			31,954	2,189	9,630	11,819	43,773	
Equipment rental and maintenance	2,152	6,122		525	8,799	598	2,566	3,164	11,963	
Printing	4,146	11,112	433		15,691	1,119	8,447	9,566	25,257	
Travel	1,570	4,768		4	6,342	168	1,395	1,563	7,905	
Conferences and meetings	1,112	3,802		14	4,928	297	1,244	1,541	6,469	
Insurance	613	1,477	253		2,343	640	679	1,319	3,662	
Awards	1,268	195	2,195		3,658	17	56	73	3,731	
Dues	1,010	3,715			4,725		1,150	1,150	5,875	
Other	674	2,259	25		2,958	1,044	1,071	2,115	5,073	
Special events	1,356	4,488	200		6,044		760	760	6,804	
In-kind expenses	6,540	13,980	2,325	2,482	25,327	825	7,227	8,052	33,379	
United Way of America dues	3,529	10,586			14,115		3,529	3,529	17,644	
United Way of Texas dues	971	2,913			3,884		971	971	4,855	
Total expenses before depreciation	86,354	192,387	103,624	30,937	413,302	68,008	158,335	226,343	639,645	
Depreciation	4,072	12,441			16,513	1,131	4,976	6,107	22,620	
Total expenses	\$ 1,481,760	\$ 204,828	\$ 103,624	\$ 30,937	\$ 1,821,149	\$ 69,139	\$ 163,311	\$ 232,450	\$ 2,053,599	

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2011 and 2010

1. Nature of Activities and Summary of Significant Accounting Policies

The nature of activities and summary of significant accounting policies of United Way of Denton County, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The management of the Organization is responsible for the accuracy and internal consistency of the preparation of the financial statements and notes contained in this annual report.

Nature of Activities - The United Way of Denton County, Inc. serves as a catalyst to facilitate the organized effort of the community to identify and address the existing and emerging human needs of its people. The organization is supported primarily through donor contributions.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the requirements of FASB ASC 958-210, *Not-for-Profit Entities-Balance Sheet*, and FASB ASC 958-225, *Not-for-Profit Entities-Income Statement*. Under those provisions, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets are subject to donor-imposed stipulations that will be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At March 31, 2011 and 2010 the Organization did not have permanently restricted net assets.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of twelve months or less. All certificates of deposit are considered short-term investments.

Support and Promises to Give - Annual campaigns are conducted to raise support for allocation to participating agencies in the current and subsequent year. Unconditional promises to give that are expected to be collected within one year are recognized as revenue when the promise to give is made, in accordance with FASB ASC 958-205-45, *Not-for-Profit Entities-Presentation of Financial Statements-Other Presentation Matters* and FASB ASC 958-210-20, *Not-for-Profit Entities-Balance Sheet-Glossary*. All support is considered available for unrestricted use or temporarily restricted due to time restrictions, unless specifically restricted by the donor. Promises to give are recorded as received, and allowances are provided for amounts estimated as uncollectible. All allowance for uncollectible pledges is established by the United Way Management based on past collection experience and current economic conditions.

Donor restricted pledges are not recognized as revenue as the Organization acts as an intermediary between the donor and the ultimate beneficiary only as required by FASB ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*. The SECC campaign and all specific donor designated donations fall under this designation.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2011 and 2010

1. Nature of Activities and Summary of Significant Accounting Policies - Continued

Contributions – The Organization’s success in conducting its mission is highly dependent on attracting committed volunteers. A substantial number of volunteers have donated significant amounts of their time in the Organization’s management and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated property and professional services are recorded at their estimated fair market value at the date of the gift.

Property and Equipment - Property and equipment are stated at cost, or if donated, the approximate fair market value at the date of donation, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Expenditures for new construction, major renewals and replacements, and equipment are capitalized.

Functional expenses – The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on estimates made by the Organization’s management.

Income Taxes - The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from Texas franchise and sales and use taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A). United Way of Denton County, Inc. has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

The Organization applies the provisions of FASB ASC 740, *Income Taxes* related to the accounting for uncertainty in income taxes (previously known as FIN 48), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended December 31, 2011 and 2010, the organization does not believe it currently holds any uncertain tax positions, therefore no recognition of uncertain tax positions is reflected in the financial statements. There was no unrelated business income for the years ended March 31, 2011 and 2010, and as a result, there was no income tax liability.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs – Advertising costs are expensed as incurred.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

2. Pledges Receivable

Pledges receivable at March 31, 2011 and 2010 consisted of the following promises and the expected time of collection:

	2011	2010
Pledges receivable (in less than one year)	\$ 1,272,616	\$ 1,608,617
Less allowance for uncollectible pledges	(218,081)	(288,675)
Pledges receivable, net	\$ 1,054,535	\$ 1,319,942

3. Property and Equipment

Property and equipment consist of the following at March 31, 2011 and 2010:

	2011	2010
Office furniture, equipment and improvements	\$ 153,373	\$ 150,290
Less accumulated depreciation	(129,049)	(106,265)
Total office furniture, equipment and improvements	\$ 24,324	\$ 44,025

4. Contributions - Donated Services and Materials

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's activities during the years. The value of this contributed time is not reflected in these statements. The contributions of services are recognized only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Materials and other assets received as donations are reflected in the accompanying financial statements at their fair values on the date of receipt and are described as in-kind donations. In-kind donations decreased from \$34,279 for the year ended March 31, 2010 to \$28,530 for the year ended March 31, 2011.

5. Designated Funds Payable

The State Employee Charitable Contribution program (SECC) is the only authorized charitable fund-raising drive in the State workplace. The United Way serves as the Local Campaign Manager for the SECC campaign. The Organization acts as an intermediary between the donor and the ultimate beneficiary. The SECC funds and designated funds collected through the United Way Campaign are not recognized as revenue by the Organization, but are reported as a designated payable in the statement of financial position. The SECC campaign and United Way campaign designated payables at March 31, 2011 and 2010 are as follows:

	2011	2010
SECC payable	\$ 181,694	\$ 285,407
Member agencies payable	68,569	69,519
Unaffiliated agencies payable	89,126	48,903
Total designated funds payable	\$ 339,389	\$ 403,829

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

6. Lease Commitments

The Organization leases office space and certain office equipment under operating leases expiring in 2013. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of March 31, 2011 and 2010 are as follows.

	2011	2010
03/31/2011	\$	\$ 37,476
03/31/2012	37,476	37,476
03/31/2013	37,476	37,476
Thereafter	2,261	2,261
Totals	<u>\$ 77,213</u>	<u>\$ 114,689</u>

7. Retirement Plan

The Organization's retirement plan is administered by the United Way. It is a defined contribution retirement plan described under Section 403(b) of the Internal Revenue Service Code. It is a defined contribution retirement plan, which provides retirement benefits for all employees who normally work more than twenty hours per week. The Organization contributed amounts during the years ended March 31, 2011 and 2010 equal to a maximum of six percent of the eligible employees' gross salaries. Under this plan, participant accounts are one-hundred percent vested at all times.

8. Temporarily Restricted Net Assets

Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. On March 31, 2011 and 2010, temporarily restricted net assets were available for the following:

	2011	2010
Pledges receivable (in less than one year)	\$ 1,272,616	\$ 1,608,617
Less allowance for uncollectible pledges	(218,081)	(288,675)
Pledges receivable, net	<u>\$ 1,054,535</u>	<u>\$ 1,319,942</u>

9. Concentrations of Credit and Market Risk

The United Way maintains various bank accounts that may from time to time contain balances in excess of federally insured limits. The Organization manages this risk by maintaining the deposits with high quality financial institutions.

The United Way has various receivables at March 31, 2011 and 2010. The Organization considers its risk of loss from receivables to be minimal.

The United Way received over 62% of its contribution pledges from fourteen companies and/or their employees for the year ended March 31, 2011 and received over 58% of its contribution pledges from fifteen companies and/or their employees for the year ended March 31, 2010.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

10. Grant Receivable

The Organization entered into a grant contract with the North Central Texas Council of Governments to provide local project coordination services for the support of the Denton County Aging & Disability Resource Center. The contract is for cost reimbursement in the amount of \$20,000 and expired in October 2009. The Organization entered into an extension of this agreement until October of 2010, which will reimburse the Organization \$24,000. The Organization accrued \$16,000 of grant receivable to reflect the remaining amounts due under the contract for the year ended March 31, 2010.

11. Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

12. Financial Instruments

Accounts receivable - The amounts reported in the accompanying statements of financial position as accounts receivable approximate fair value because of the short maturities of those instruments.

Pledges receivable - The amounts reported in the accompanying statements of financial position as pledges receivable approximate fair value because of the short maturities of those instruments.

Accounts payable and accrued expenses - The carrying amounts reported in the accompanying statements of financial position for accounts payable and accrued expenses approximate fair value.

The carrying amounts and fair values of the United Way's financial instruments at March 31, 2011 and 2010 are as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 412,920	\$ 412,920	\$ 702,093	\$ 702,093
Certificates of deposit included in cash	256,139	256,139	252,221	252,221
Pledges receivable	1,054,535	1,054,535	1,319,942	1,319,942
Financial liabilities:				
Accounts payable and accrued expenses	8,996	8,996	11,659	11,659

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2011 and 2010

13. Fair Value Measurements

The Organization applies the standards required by FASB ASC 820-10-50, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10-50 applies to all financial instruments that are being measured and reported at fair value on a recurring basis.

As defined in FASB ASC 820-10-50, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The table below presents the balances of assets measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2011	Fair Value			
Certificates of deposit	\$ 256,139	\$ 256,139	\$	\$
Total assets	\$ 256,139	\$ 256,139	\$	\$

UNITED WAY OF DENTON COUNTY, INC.
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13. Fair Value Measurements – Continued

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2010	<u>Fair Value</u>			
Certificates of deposit	\$ 252,221	\$ 252,221	\$	\$
Total assets	<u>\$ 252,221</u>	<u>\$ 252,221</u>	<u>\$</u>	<u>\$</u>

14. Subsequent Events

Management has evaluated the impact of all subsequent events on the Organization through financial statement issuance, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.